

Message Text

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SUBJECT: PARLIAMENT RECONVENES AMIDST POLITICAL AND ECONOMIC
UNCERTAINTY

1. SUMMARY. PARLIAMENT RECONVENES SEPT. 21 FACED WITH A SET OF UNRESOLVED POLITICAL AND ECONOMIC PROBLEMS. THIS MESSAGE IS BASED ON A SERIES OF MEETINGS EMBASSY POLITICAL OFFICERS HAVE HAD WITH POLITICAL PARTY, PARLIAMENTARY, LABOR AND EMPLOYER FEDERATION FIGURES OVER THE PAST MONTH. THE KEY ISSUES FACING PARLIAMENT, WGTER A NEW GOVERNMENT IS FORMED, WILL BE THE 1977 BUDGET AND, POSSIBLY, CONSTITUTIONAL REFORM. END SUMMARY.

2. THE FINNISH EDUSKUNTA OR PARLIAMENT RECONVENES SEPT. 21 FOLLOWING ITS LONG SUMMER RECESS WHICH BEGAN LAST JUNE. THE RECONVENING OCCURS IN A CLIMATE OF CONSIDERABLE UNCERTAINTY RESULTING FROM AN IMPRESSIVE LIST OF UNRESOLVED ECONOMIC AND POLITICAL QUESTIONS AND ISSUES. JUMPING TO THE HEAD OF THE LIST OF PROBLEMS - FOLLOWING THE RESIGNATION FRIDAY OF THE MIETTUNEN GOVERNMENT - IS THE NEED TO FORM A NEW LIMITED OFFICIAL USE
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GOVERNMENT. A SECOND PROBLEM, AND THE MOST IMPORTANT QUESTION THAT WILL FACE THE NEW GOVERNMENT UPON FORMATION, WILL BE TO AGREE ON A BUDGET FOR 1977, THE ISSUE THAT CAUSED TE MIETTUNEN GOVERNMENT'S FALL. A THIRD AND

RELATED QUESTION IS THE JOINT REVIEW NOR UNDERWAY BY LABOR AND EMPLOYER ORGANIZATIONS (TOGETHER WITH THE GOVERNMENT) OF THE INCOMES POLICY AGREEMENT APPROVED LAST FEBRUARY; THE OUTCOME OF THE REVIEW WILL HAVE AN IMPORTANT ECONOMIC AND POLITICAL IMPACT ON THE COUNTRY. A FOURTH ISSUE, AND ONE VERY MUCH COMPLICATING ALL OF THE OTHER ISSUES, IS THE OCTOBER 17-18 MUNICIPAL ELECTIONS TO WHICH POLITICAL PARTIES ATTACH CONSIDERABLE IMPORTANCE AND ARE GIVING SUBSTANTIAL TIME AND EFFORT.

3. OVER THE PAST MONTH THE EMBASSY'S NEW POLITICAL OFFICERS IN THEIR INITIAL CALLS ON POLITICAL PARTY, PARLIAMENTARY, LABOR AND EMPLOYER FEDERATION LEADERS HAVE BEEN ASCERTAINING ATTITUDES, OPINIONS AND POSITIONS ON THE ABOVE ISSUES. THIS MESSAGE TREATS PRIMARILY THE PARLIAMENT AND THE ISSUES WHICH IT FACES AS IT RECONVENES. SUBSEQUENT MESSAGES WILL DISCUSS THE INCOMES AND PRICES REVIEW, THE MUNICIPAL ELECTIONS AND, OF COURSE, EFFORTS TO FORM A NEW GOVERNMENT.

4. PARLIAMENT TO AWAIT A NEW GOVERNMENT: THE FALL OF THE MIETTUNEN GOVERNMENT OBVIOUSLY MEANS THAT THE EDUS-KUNTA'S ATTENTION INITIALLY WILL BE FOCUSED ALMOST EXCLUSIVELY ON THE FORMATION OF A NEW GOVERNMENT AND ON THE NEGOTIATIONS TO THAT END BETWEEN A PRESIDENT-DESIGNATED FORMATEUR AND POLITICAL PARTY LEADERSHIP. IRONICALLY, THE POLITICAL FIGURES CONSULTED BY THE EMBASSY IN THIS ROUND OF INTERVIEWS WERE ALMOST UNANIMOUS IN THEIR OPINION THAT THE MIETTUNEN GOVERNMENT WOULD STAGGER FORWARD AT LEAST THROUGH THE MUNICIPAL ELECTIONS. THEY DID INDICATE, HOWEVER, THAT IF THE GOVERNMENT DID FALL IT WOULD BE OVER THE BUDGET. NOW, THE PARLIAMENT MUST AWAIT THE FORMATION OF A NEW GOVERNMENT BEFORE THE BUDGET OR ANY OTHER IMPORTANT ISSUES CAN BE PRESENTED AND CONSIDERED.

5. THE BUDGET ISSUE IN PARLIAMENT: THE 1977 BUDGET WAS SEEN BY THOSE CONSULTED AS BY FAR THE MOST IMPORTANT ISSUE FACING PARLIAMENT IN THE FALL SESSION. SOCIAL DEMOCRATIC LIMITED OFFICIAL USE
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PARTY (SDP), CENTRIST PARTY AND CONSERVATIVE PARTY REPRESENTATIVES SEEMED IN BASIC AGREEMENT THAT THE NUMBER ONE ECONOMIC PROBLEM FACING FINLAND TODAY IS INFLATION. THEY SEEMED TO BE IN BASIC AGREEMENT IN WANTING TO KEEP THE BUDGET AS LOW AS PRACTICABLE AND IN OPPOSING ADDITIONAL TAXES, WITH THE EXCEPTION OF THE SALES TAX INCREASE ALREADY AGREED TO LAST MAY. AN IMPORTANT EXCEPTION TO THE APPARENT HARMONY ON THIS ISSUE BETWEEN THE SDP AND THE CENTRIST AND CONSERVATIVE PARTIES WAS THE CENTER PARTY'S (KEPU) INSISTENCE ON GOVT. FINANCING FOR THE MARKETING OF AGRICULTURAL SURPLUS PRODUCTION, AN INSISTENCE WHICH GREW IN INTENSITY ALONG WITH THE KNOWN SIZE OF THE SURPLUS.

ULTIMATELY, THE AGRICULTURAL FINANCING ISSUE BECAME A MAJOR FACTOR IN THE FALL OF THE GOVERNMENT. THE OTHER MAJOR DISCORD OVER THE BUDGET WAS WITH THE COMMUNIST-FRONT SKDL. THE EMBASSY DID NOT IN THIS SERIES OF INTERVIEWS MEET REPRESENTATIVES OF THE SKDL, BUT IT IS KNOWN THAT THE SKDL AND FINNISH COMMUNIST PARTY (SKP) LEADERSHIP SUPPORTS SUBSTANTIAL ADDITIONAL EXPENDITURES FOR HOUSING AND EMPLOYMENT APPROPRIATIONS WHILE CONTINUING TO OPPOSE THE SALES TAX INCREASE AS AN ADDITIONAL SOURCE OF REVENUE; DISAGREEMENT BETWEEN THE COMMUNISTS AND THE OTHER GOVT. COALITION MEMBERS ON THIS ISSUE WAS THE OTHER MAJOR FACTOR IN THE FALL OF THE GOVERNMENT. THE OUTCOME OF THE BUDGET DEBATE IN THE EDUSKUNTA THIS FALL WILL BE LARGELY DETERMINED BY THE COMPOSITION OF THE NEW GOVERNMENT AND BY THE COMPROMISES AND COMMITMENTS MADE IN THE NEGOTIATIONS LEADING TO A NEW GOVERNMENT.

6. THE CONSTITUTIONAL REFORM ISSUE: THE OTHER ISSUE MOST FREQUENTLY MENTIONED AS BEING OF PRIMARY IMPORTANCE IF IT IS INTRODUCED IN THE COMING SESSION OF THE EDUSKUNTA IS A CONSTITUTIONAL REFORM PROPOSAL THAT WOULD CHANGE THE CURRENT PARLIAMENTARY VOTING LAW REQUIRING FIVE-SIXTHS MAJORITY APPROVAL TO AMEND THE CONSTITUTION OR TO PASS KEY LEGISLATION. UNDER THE PRESENT LAW, 34 MEMBERS OF THE 200-MEMBER UNICAMERAL EDUSKUNTA (I.E., ONE-SIXTH PLUS ONE MEMBER) CAN BLOCK CONSTITUTIONAL REFORM BY A SITTING PARLIAMENT. (NOTE; IF, HOWEVER, TWO-THIRDS OF THE MEMBERS VOTE FOR A CONSTITUTIONAL AMENDMENT IN ONE PARLIAMENT AND, FOLLOWING THAT PARLIAMENT'S DISSOLUTION AND THE LIMITED OFFICIAL USE
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ELECTION OF A NEW PARLIAMENT, TWO-THIRDS OF THE NEW PARLIAMENT VOTE FOR THE SAME CONSTITUTIONAL REFORM, THEN THE MEASURE IS CARRIED.) THE CONSTITUTIONAL REFORM PROPOSAL ITSELF MUST BE APPROVED BY A FIVE-SIXTHS MAJORITY. THE PROPOSAL IS FAVORED IN SKDL AND SDP CIRCLES, AND THE KEPU PARTY SECRETARY TOLD THE EMBASSY HIS PARTY WOULD BE PREPARED TO ACCEPT CHANGES IN THE CONSTITUTION. ALL OTHER PARTIES HAVE INDICATED STRONG OPPOSITION TO THE PROPOSAL.

7. THE REFORM IS OF GREAT POTENTIAL SIGNIFICANCE, BECAUSE BOTH THE SKDL AND SDP FAVOR PARLIAMENTARY SELECTION OF THE PRESIDENT OF FINLAND, AND THERE HAS BEEN SOME SPECULATION THAT AN EFFORT MIGHT BE MADE TO AMEND THE CONSTITUTION IN TIME TO PERMIT THE 1978 PRESIDENTIAL ELECTION TO BE MADE BY PARLIAMENT RATHER THAN BY THE TRADITIONAL SYSTEM OF NATIONAL INDIRECT (THROUGH ELECTORS) PRESIDENTIAL ELECTIONS. SINCE ALL IMPORTANT PARTIES HAVE INDICATED THEIR SUPPORT FOR PRESIDENT KEKKONEN IN 1978, HIS VICTORY WOULD BE ASSURED UNDER EITHER SYSTEM. HOWEVER, OPPONENTS OF THE

PROPOSAL SEE AS A POSSIBLE MOTIVE BEHIND IT AN EFFORT ON THE PART OF SOME CIRCLES OF KEKKONEN SUPPORTERS TO AVOID A NATIONAL PRESIDENTIAL ELECTION IN 1978, DRAWING A PARALLEL WITH THE SPECIAL LAW PASSED BY PARLIAMENT IN 1973 (BY THE REQUIRED FIVE-SIXTHS MAJORITY) EXTENDING PRESIDENT KEKKONEN'S TERM UNTIL 1978.

8. UNDOUBTEDLY OTHER IMPORTANT ISSUES WILL EMERGE DURING THE FORTHCOMING PARLIAMENTARY SESSION, BUT THOSE DISCUSSED ABOVE SEEMED MOST IMPORTANT TO THE PERSONS CONSULTED. TOGETHER WITH THE INCOMES AND PRICES REVIEW AND THE OCTOBER MUNICIPAL ELECTIONS, THE AGENDA OF ISSUES SEEMS TO ASSURE AN EXTREMELY HECTIC AUTUMN FOR ALL CONCERNED. AUSTAD

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